

30 May 2024

Cooks Coffee

("Cooks Coffee", the "Company" or the "Group")

Preliminary results for the year ended 31 March 2024

An ethical café group with great cafes owned and run by local people.

Cooks Coffee (NZX:CCC; AQUIS:COOK), the international coffee focused café chain and parent company of the Esquires, The Organic Coffee Co brand, which is dual listed on the Aquis Market in London and the NZX in New Zealand, announces the Company's Preliminary Report for the financial year ended 31 March 2024 ("FY24"). Figures reported below are for continuing business and the prior period has been restated to provide the appropriate comparative data.

Highlights

- Total franchisee store sales in UK & Ireland up 18% at NZ\$58.2m (FY23: NZ\$49.5m).
- UK store sales up 21% at NZ\$38.3m (FY23: NZ\$31.6m), double the industry average of 9%.
- Ireland store sales up 11% at NZ\$19.9m, (FY23: NZ\$17.9m) compared to the industry growth of 1%.
- 75 Group sites in the UK and Ireland as at 31 March 2024, up from 64 as at 1 April 2023.
- Net store numbers growth in UK of 18% and 15% in Ireland versus industry growth of 4% in UK and 1% in Ireland.
- Group revenue, which is highly correlated to store sales, up 19% at NZ\$4.7m, NZ\$3.9m.
- EBITDA of NZ\$0.4m before impairment of receivables.
- The focus on suburbs and market towns has sheltered Esquires branded stores from the permanent changes in consumer behaviours post Covid, such as the working from home lifestyle change.
- The strategic direction plus the focus on organic coffee products and an enhanced food offering with local sourcing where possible, delivered by local owners of the franchised stores – 'The local chain' has proved successful for the brand.
- Growth in UK has been driven through strong performances by the Regional Developers in the Southeast, London, East England & East Midlands. The

appointment of two new Regional Developers during FY24 for the North of England and the Southwest and South Wales will accelerate the growth in those regions.

- Appointment of Aiden Keegan as Group CEO. Aiden brings more than 20 years' experience with the company in both core markets of UK & Ireland to the role.
- Esquires Coffee Houses Ireland were awarded the Irish Enterprise Award for 2024 as the 'Best Modern Organic Coffee Shop Enterprise'.
- Esquires Coffee at Caerphilly were awarded the 'Best Sustainable Café Chain' in Gwent at the Welsh Enterprise Awards in 2023.
- Target store numbers for UK & Ireland by FY34 is 305.

Commenting, Cooks Coffee Executive Chairman Keith Jackson said: "We are delighted to report strong sales growth across our existing estate of coffee stores as we continue our expansion programme of new store openings. We have an exciting growth pathway clearly defined and have Aiden Keegan appointed to drive the future development of the business. Aiden is uniquely qualified for the role having spent 14 years as Operations Manager of the Irish business and the last almost six years as CEO of Esquires Coffee UK."

Operational Business Performance

United Kingdom

Esquires Coffee UK store numbers increased to 60 at 31 March 2024, from 51 as at 31 March 2023, with 13 new Esquires stores opened and 4 closed.

Store sales grew 21% with like for like sales up 6%. The strong pipeline of new outlets that were open for the full years FY23 and FY24 contributed 21.6% of total sales in FY24.

Sales in FY24 were particularly affected by the refurbishment programme at Horsham, where the store was closed for 13 weeks, but the sales on re-opening have exceeded expectations by more than doubling pre-refurbishment sales levels.

As at the end of May 2024 there are 64 stores operating, with new stores opened in Colliers Wood and Pinner in London, Newport in Wales, and Sudbury in Suffolk, during April and May 2024.

Two new Regional Developers were appointed in the UK in FY24 with one covering the Southwest of England and South Wales, and the other covering the North of England, including the North of Wales.

The Regional Developer model that has been operating in the Southeast of England since 2018 and in London, East England and the East Midlands since 2021, has proved very

successful and is now being rolled out to the remainder of the UK. Developers for Scotland and Northern Ireland are currently being sought.

Ireland

Store sales increased by 11%, totalling NZ\$19.9m (FY23 NZ\$17.9m). Like for like store sales were up 6.8% versus FY23.

Outlet numbers at the end of the year were 15, a growth of 15%, with an encouraging pipeline of new stores in development for the balance of 2024 and beyond. Store numbers in Ireland have been restated from prior years to reflect actual locations even if the site itself has multiple points of sales.

Sales in FY24 were affected by the impact of the fire in the Longford store that meant the store operated from temporary premises for most of the year. The franchisee and staff did a superb job, and sales were maintained at approximately 45% of normal levels. In addition, the Airside store at Swords in Dublin was closed for 17 weeks for a refurbishment programme. Management estimate that absent these factors and the 53-week year that the Irish normalised sales would have been more than 20% up on FY23.

As at the end of May 2024 there are 16 stores operating with a new store opened in Galway in April 2024.

Global

Cooks operating revenue in the global segment was in line with the previous financial year as the international franchised markets continue to recover. New outlets were added in Pakistan and Portugal, with the Middle East markets stable.

Balance Sheet

Total equity in the Company reduced to NZ\$(4.0)m reflecting primarily the non-cash impairment of goodwill and intangible assets relating to the Triple Two business.

Triple Two

In September 2023, the Triple Two subsidiary was placed into voluntary liquidation.

Triple Two had numerous sites that were non-viable in a post Covid market environment as they were more central business district focused relative to the suburban and smaller town focus of Esquires stores. Information became available showing that commitments were made that potentially could have been significant liabilities for the Company. This information showed that in addition to sites that were no longer viable that the ongoing revenue streams were well below expected levels.

The Triple Two investment was fully written off in the September FY24 half year accounts. This non-cash write-down has resulted in the company reporting NZ\$3.99m of negative equity in the full year accounts.

The Board believes that there is no further impact of the Triple Two liquidation going forward.

People

The Company announced the appointment of Aiden Keegan as Group CEO in March 2024. Aiden has had 20 years' experience with the Esquires brand, spending 14 years in the operations team in Ireland and since 2018 has been at the helm of the Company's largest subsidiary, Esquires Coffee UK.

After almost 25 years with the Company that he founded our Irish Managing Director, Tony McVerry has advised of his intention to retire at the end of June 2024. He will be replaced by Brendan Duigenan. Brendan has been a lifetime member of the coffee industry and has held senior roles in both AMT and Starbucks in Ireland.

As part of the planned relocation of the Board to the UK, Mike Hutcheson will retire from the Board in June 2024. Mike is a unique marketing talent who has given excellent service and advice to the Company over the last 10 years. This move along with Aiden's elevation shows the strong focus that the Company is adopting on the core markets of UK and Ireland.

The Board would like to acknowledge the dedicated performances of all the parties involved in the Group's activities delivering excellent service to our customers every day. In the core markets of UK & Ireland an estimated 200,000 customers are now served each week by our great team led by Regional Developers and franchisees along with their staff and ably supported by the company's team.

Outlook

The FY25 financial year has begun strongly with four new stores opened in the UK and one in Ireland in April & May. UK store sales after 8 weeks of FY25 were up 27.3% on FY24 whilst in Ireland sales were 7% up on FY24.

Summary

The Board is encouraged by the strong growth which continues to exceed reported industry growth in both core markets and would like to acknowledge the dedicated

performances of all the parties involved in the Group's activities delivering excellent service to our customers every day. In the core markets of UK & Ireland an estimated 200,000 customers are now served each week by our great team led by Regional Developers and franchisees along with their staff and ably supported by the company's team.

Target stores for the end of March 2025 are 98 with 80 in the UK and 18 in Ireland, a growth of 31% over the 75 operational at the end of March 2024. The Company is expecting to continue to grow at this rate of stores being added per annum to have more than 300 stores operational in UK and Ireland by FY34.

The Group's Esquires brand has a strong pipeline of opportunities as it continues its commitment to building an ethical café group with great cafes owned and run by local people. We look forward to making further progress and to an improved financial performance in the current financial year with the experienced Aiden Keegan at the helm.

A handwritten signature in black ink that reads "Keith Jackson". The signature is written in a cursive style with a long horizontal stroke at the end.

Keith Jackson
Executive Chairman

[The FY24 financial statements are appended to this announcement]